The Manitoba
Water Services Board

La Commission des services
d'approvisionnement en eau du Manitoba

Annual Report 2002-2003

Rapport annuel 2002-2003

Manitoba

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Manitoba

MINISTER OF
INTERGOVERNMENTAL AFFAIRS

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Legislative Building
Winnipeg, Manitoba, CANADA
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August 28, 2003

The Honourable Peter Liba
Lieutenant Governor of Manitoba
Government House
200 Kennedy Street
Winnipeg MB R3C 1S4

Your Honour:

It is my pleasure to present to you The Manitoba Water Services Board Annual Report for the period extending from April 1, 2002 to March 31, 2003. This report records the activities of the Board for that period.

Yours sincerely,

Rosann Wowchuk

Rosann Wowchuk
Minister

Manitoba

Intergovernmental Affairs

The Manitoba Water
Services Board

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August 28, 2003

Honourable Rosann Wowchuk
Minister of Intergovernmental Affairs
Room 301, Legislative Building
Winnipeg MB R3C 0V8

Dear Minister:

I have the honour of presenting to you the 31st Annual Report of The Manitoba Water Services Board for the fiscal year ending March 31, 2003, together with the financial statements for the same period.

Yours sincerely,

Marie Elliott
Chairperson

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The Manitoba Water Services Board

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Winnipeg, Manitoba

Wayne Motheral[2]
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Barry Wittevrongel[3]
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[1] Replaced Alvin Jones
[2] Replaced Val Sissons
[3] Replaced John Welsted

The Manitoba Water Services Board

Foreword

The Manitoba Water Services Board (Board) was established in July 1972 as a Crown Corporation, under *The Manitoba Water Services Board Act,* to assist in the provision of water and sewerage facilities for the residents of rural Manitoba. The Board replaced The Manitoba Water Supply Board (1959-1972), taking over all responsibilities of the former Board, owning and operating 38 water supply installations in the Province.

In August 1981, the head office of The Manitoba Water Services Board, formerly in Winnipeg, was transferred to Brandon, Manitoba. The Board's primary mandate is the delivery of a Sewer and Water Program, which provides for the installation or upgrading of sewer and water facilities in Manitoba communities.

In 1984, the Board assumed the responsibility of delivering a Water Development Program, which provides for the construction of agricultural area pipelines and farm water sources, with the primary objective being to provide a dependable, sustainable water supply in rural Manitoba. The Board has also been involved in a number of partnership agreements with the Government of Canada, the most recent one being the Partnership Agreement on Municipal Water Infrastructure (PAMWI).

In 1994, the Board assumed responsibility for managing the Conservation Districts Program which, through partnerships with participating municipalities, provides sustainable soil and water management programs in 16 Districts covering over 70% of Agro Manitoba.

The Board, made up of four citizen members chaired by the Deputy Minister of Manitoba Intergovernmental Affairs, reports to the Legislature through the Minister of Intergovernmental Affairs. The Board's activities are managed by a team headed by the General Manager.

The Board, under the authority of the Act, may enter into agreements with any organized area of the Province, including municipalities, local government districts, villages, towns and cities, excluding (a) the City of Winnipeg, (b) the areas under the jurisdiction of the Minister of Aboriginal and Northern Affairs, and (c) those areas of the Province under Federal Government jurisdiction.

La Commission des services d'approvisionnement en eau du Manitoba

Avant-propos

La Commission des services d'approvisionnement en eau du Manitoba est une société d'État créée en juillet 1972 en vertu de la *Loi sur la Commission des services d'approvisionnement en eau du Manitoba.* Sa raison d'être est de faciliter l'approvisionnement en eau et l'installation de systèmes de traitement des eaux usées au bénéfice des résidants des régions rurales du Manitoba. La Commission a succédé à la Manitoba Water Supply Board (1959-1972), héritant de toutes ses responsabilités ainsi que des 38 stations d'approvisionnement en eau qu'elle gère dans l'ensemble de la province.

En août 1981, le siège social de la Commission des services d'approvisionnement en eau du Manitoba a été transféré de Winnipeg à Brandon, au Manitoba. La mission principale de la Commission consiste à mettre en œuvre le Programme de service d'eau et d'égouts qui s'occupe de l'installation et de l'amélioration des systèmes d'eau et d'égouts dans les communautés du Manitoba.

En 1984, la Commission a pris en charge la mise en œuvre du Programme pour l'amélioration des services d'approvisionnement en eau. Ce programme se consacre à la construction de canalisations d'eau dans les régions agricole et à la construction d'infrastructures d'approvisionnement des fermes en eau. L'objectif principal est de fournir aux régions rurales du Manitoba un approvisionnement en eau fiable et renouvelable. La Commission a également conclu plusieurs ententes de partenariat avec le gouvernement canadien. La plus récente est l'Entente d'association sur les infrastructures hydrauliques municipales.

En 1994, la Commission a pris en charge la gestion du Programme des districts de conservation. En vertu des partenariats établis avec les municipalités participantes, des programmes de renouvellement des terres et de gestion de l'eau sont offerts dans 16 districts couvrant plus de 70 % de la surface agricole du Manitoba.

Quatre citoyens forment le conseil d'administration de la Commission qui est présidée par le sous-ministre des Affaires intergouvernementales. La Commission rend compte à l'Assemblée législative par l'entremise du ministre

Once an application for assistance or a resolution is received, the Board prioritizes the project and subject to availability of funds and approvals, makes the necessary physical and technical investigations, an offer (Agreement) is submitted to the municipality for the construction of new works, extensions and/or improvements to existing works. After the municipality has received the necessary Municipal Board approvals, the Agreement is executed and the Board enters into the necessary contracts for Engineering services and construction of the works. Generally, the Board provides Project Management, including interim financing and tendering of all construction contracts, for the projects undertaken.

des Affaires intergouvernementales. Les activités de la Commission sont gérées par une équipe dirigée par le directeur général.

En vertu de la *Loi*, la Commission peut conclure des ententes avec toutes les administrations locales de la province, notamment les municipalités, les districts d'administration locale, les villages et les villes, à l'exception a) de la ville de Winnipeg, b) des régions relevant du ministre des Affaires autochtones et du Nord et c) des régions de la province relevant du gouvernement fédéral.

Dès qu'elle reçoit une demande d'aide ou une résolution, la Commission détermine la priorité du projet. Puis, sous réserve d'acceptation et de fonds disponibles, elle effectue les recherches physiques et techniques nécessaires. On présente alors à la municipalité une offre (entente) de construction des nouveaux ouvrages, ou d'extension ou d'amélioration des ouvrages existants. Dès que la municipalité obtient les approbations indispensables de son conseil municipal, l'entente est mise en œuvre et la Commission entame le processus nécessaire d'attribution des contrats de services d'ingénierie et de construction des ouvrages. En règle générale, la Commission assume la gestion du projet, y compris le financement provisoire et les appels d'offres pour tous les contrats de construction.

Objectives

The Manitoba Water Services Board has the following specific objectives:

a) To encourage municipalities to assume responsibility of ownership, operating and maintenance of water treatment plants constructed prior to 1972.

b) To assist municipalities with the construction of all plants and works necessary for obtaining, collecting, storing, treating, purifying and transmitting water.

c) To assist municipalities in the transmission of water from a source of supply or a point of storage to a point of acceptance by the individual.

d) To assist municipalities with the construction of works for the collection of sewage.

e) To assist municipalities with the construction of works for the treatment and disposal of sewage.

f) To assist agricultural communities with the upgrading of water supply/treatment facilities and/or sewage treatment systems.

g) To provide assistance to municipalities to establish Conservation Districts to carry out programs that support Provincial sustainable development and economic objectives in the areas of soil and water management, habitat enhancement and water quality.

Objectifs

Voici les objectifs précis de la Commission des services d'approvisionnement en eau du Manitoba :

a) encourager les municipalités à assumer leur responsabilité quant à la propriété, l'exploitation et l'entretien des stations de traitement d'eau construites avant 1972;

b) aider les municipalités à construire les stations et ouvrages nécessaires pour se procurer l'eau, la recueillir, l'entreposer, la traiter, la purifier et l'acheminer;

c) aider les municipalités à acheminer l'eau de sa source ou de son lieu d'entreposage jusqu'au point d'alimentation accepté par les particuliers;

d) aider les municipalités à construire les ouvrages nécessaires à la collecte des eaux usées;

(e) aider les municipalités à construire les ouvrages nécessaires au traitement et à l'évacuation des eaux usées;

(f) aider les communautés agricoles à améliorer les installations d'approvisionnement et de traitement des eaux naturelles, ainsi que les systèmes de traitement des eaux usées;

(g) aider les municipalités à mettre sur pied des districts de conservation pour mettre en œuvre les programmes qui appuient les objectifs de la province en matière d'économie et de développement durable, plus précisément en ce qui concerne la gestion du sol et de l'eau, la mise en valeur de l'habitat et la qualité de l'eau.

Capital Programs

To meet its objectives, the Board enters into agreements with Municipalities and/or Water Cooperatives, to provide technical and financial assistance to construct and/or upgrade water and/or sewerage infrastructure works. The primary objective is to ensure that a safe and sustainable water supply is available and that the wastewater is treated and disposed of in an environmentally sustainable manner.

Generally, the Board's total annual expenditure for water and sewerage, including Municipal and Federal contribution, is approximately $30.0M. Total expenditure under the Conservation Districts Program is $6.0M (Provincial share $3.5M).

Programmes 'immobilisations

Pour atteindre ses objectifs, la Commission conclut des ententes avec les municipalités ou les coopératives d'eau afin de fournir une aide technique et financière leur permettant de construire ou d'améliorer des infrastructures hydrauliques ou de traitement des eaux usées. L'objectif principal est de garantir un approvisionnement en eau sécuritaire et renouvelable, ainsi que le traitement et l'évacuation des eaux usées d'une façon renouvelable et respectueuse de l'environnement.

En général, les dépenses totales de la Commission en matière d'eau naturelle et d'eau usée s'élèvent à 30 millions de dollars par an (cette somme inclut les contributions municipales et fédérales). Les dépenses totales pour le Programme des districts de conservation s'élèvent à six millions de dollars, dont trois millions et demi fournis par la province.

Activities Carried Out To Meet The Objectives

Water Treatment Plants

1.0 Previously Constructed Works

The Manitoba Water Services Board acquired 38 water treatment plants constructed under the authority of *The Manitoba Water Supply Board Act.*

To meet the objectives of the Board and at the request of the municipalities, the Board has transferred the following water treatment plants:

Hartney, Town	January 1, 1979
Altona, Gretna, Rhineland	March 31, 1987
Letellier, (Montcalm, R.M.)	March 31, 1987
Winkler, Town	January 1, 1989
Holland, (Victoria, R.M.)	December 1, 1991
Gilbert Plains, Town	April 1, 1992
Dominion City, (Franklin, R.M.)	July 1, 1993
St. Jean Baptiste, (Montcalm, R.M.)	December 31, 1993
Ste. Rose du Lac, Village	December 31, 1993
Ste. Agathe, (Ritchot, R.M.)	April 1, 1994
Hamiota, Town	January 1, 1998
Erickson, Town	January 1, 1998
Cartwright, Village	January 1, 1998
Deloraine, Town	April 1, 1998
St. Claude, Village	April 1, 1998
Kenton, (Woodworth, R.M.)	July 1, 1998
Angusville, (Silver Creek, R.M.)	January 1, 1999
Manitou, Town	April 1, 1999
Reston, (Pipestone, R.M.)	April 1, 1999
Russell, Town	April 1, 1999
Elie, (Cartier, R.M.)	June 1, 1999
Pilot Mound, Town	August 1, 1999
Benito, Village	April 1, 2000
Kelwood, (Rosedale, R.M.)	October 1, 2000
Rossburn, Town	November 1, 2000
McCreary, Village	April 1, 2002
Minitonas, Town	March 1, 2003
Bowsman, Village	March 31, 2003
Ethelbert, Village	March 31, 2003

The Manitoba Water Services Board Act requires the Board to fix water rates for plants constructed prior to 1972 to recover costs pertaining to the services supplied. The rates set by the Board and approved by the Province are in accordance with tables maintained by the Board, which indicate a return of full capital costs and operating deficits based on a 35 year operating life.

At the beginning and ending of the fiscal year the Board owned and operated 13 water treatment plants. During the year ending March 31, 2003 the Board had transferred 4, leaving 9 plants under the authority of the Board.

Effective April 1, 2003 water rates remained unchanged at Baldur, Belmont, Sandy Lake and Somerset. The water rate was increased at Inglis, Notre Dame de Lourdes, Oak River, Strathclair and Winnipegosis by the Canadian Price Index of 0.8%.

As the Previously Constructed Water Plants did not receive a Provincial grant during construction and as an inducement to the Municipality to assume the ownership, including operating and maintenance of these plants, The Manitoba Water Services Board has offered to continue to operate the plants, until the deficits are fully recovered through water rates.

Water Treatment Plants (Previously Constructed Works)

Sale of Water Town or Municipality	Consumption 2002-03	Actual Cost of Production per 1,000 I.G.	April 1/03 Selling Price 1,000 I.G.	Type of Treatment
Argyle, (R.M.)(Baldur)	6,435,560	5.300	5.30	B,C,E
Blanshard, (R.M.)(Oak River)	3,489,350	8.230	8.46	C,E,GA
Bowsman, Village	6,203,400	6.300	-	E,F
Ethelbert, Village	4,704,000	5.800	-	C,E
Harrison, (R.M.)(Sandy Lake)	6,595,691	5.000	5.00	C,E
Minitonas, Town	7,442,000	7.560	-	B,E,GB
Notre Dame de Lourdes, Village	21,666,300	3.410	3.44	C,E,GA
Shellmouth-Boulton, (R.M.)(Inglis)	3,562,437	9.900	10.97	C,E,GA
Somerset, Village	11,826,600	3.180	3.18	B,C,E
Strathclair, (R.M.)(Strathclair)	6,416,590	7.940	8.00	C,E,GA
Strathcona, (R.M.)(Belmont)	4,184,000	6.900	-	C,E
Winnipegosis, Village	9,936,667	7.700	7.92	B,E,GA

Type of Treatment:

B - Fluoridation

C - Iron and/or manganese removal

E - Chlorination

F - Filtration

GA - Membrane, Nano

GB - Membrane, Reverse Osmosis

2.0 Newly Constructed Works

Under *The Manitoba Water Services Board Act* the Board entered into seven cost sharing agreements with municipalities for the construction of water treatment plants and to operate the plants at full recovery of operating costs. As at April 1, 2002 the Board operated a plant at Elm Creek.

To meet the objectives of the Board and at the request of the municipalities, the Board has terminated the operating agreements for the following water treatment plants:

Rapid City, Town	October 1, 1997
Cranberry Portage, (Kelsey, R.M.)	January 1, 1998
Birch River, (Mountain, R.M.)	April 1, 1998
Grunthal, (Hanover, R.M.)	April 1, 1998
Miami, (Thompson, R.M.)	April 1, 1999
Swan Lake, (Lorne, R.M.)	April 1, 1999

Effective April 1, 2003 the water rate did not increase at the remaining plant operated by the Board from $5.94 per thousand Imperial gallons.

Sale of Water Town or Municipality	Consumption 2002-03	Actual Cost of Production per 1,000 I.G.	April 1/03 Selling Price 1,000 I.G.	Type of Treatment
Grey, (R.M.)(Elm Creek)	8,667,300	5.94	5.94	C,E,GB

Type of Treatment:

C - Iron and/or manganese removal

E - Chlorination

GB - Membrane, Reverse Osmosis

3.0 Cartier Regional Water Supply System

In 1999, the Board entered into a Public Private Partnership (3P) agreement with CWP Limited Partnership of Winnipeg on behalf of the R.M.s of Cartier, Headingley, Portage la Prairie and St. Francois Xavier, to design, build and operate the Cartier Regional Water Supply System (CRWSS). The ownership of the system will be transferred to the Municipalities when all of the debts are paid.

The four municipalities have, in turn, formed a cooperative, Cartier Regional Water Co-op Inc. (Co-op), for the administration and the eventual ownership of the utility. The Board is represented on the Co-op Board, as an ex-officio member. The Board, at the request of the Co-op, has agreed to be the Project Manager, until the system debts are fully paid through user fees.

The wholesale water rates for 2002-03 were set by the Board at $6.20 per 1,000 Imperial gallons. The Board, with the concurrence of the Co-op, has increased the rates effective April 1, 2003 to $6.25, an increase of 0.8% which represents the Consumer Price Index (CPI) increase over the previous year.

Sewer and Water Program

1.0 Capital Construction

The Board enters into agreements with municipalities when requested and approved. Total project management, which includes entering into engineering consultant agreements, obtaining various approvals, entering into contracts and interim financing, are provided.

In 1997, the Manitoba Government revised the Grant Formula for The Manitoba Water Services Board as follows:

a) Projects where there are documented public health or environmental problems and/or have economic benefits to the Province and the municipality will receive a 50% Provincial grant.
b) Projects which are primarily of local improvement in nature will receive a 30% Provincial grant.

An additional grant to a maximum of 10% may be considered by the Board for accepted projects north of the 53rd parallel.

Under the Sewer and Water Program, the Board also undertakes a number of projects in partnership with the Federal Prairie Farm Rehabilitation Administration (PFRA), primarily in the area of rural water development. This includes the development, primarily, of community water sources and rural water pipelines. The costs are shared, generally on a one-third basis between the Board, PFRA and the local municipality.

New agreements between The Manitoba Water Services Board and a municipality vary in length, however an agreement is long enough to ensure a stable period of operation of the works and to guarantee satisfactory water and sewer services to the municipality.

Water and sewer activities, including feasibility studies, design and construction, resulted in a total expenditure of $45.175M, of which $10.769M was contributed by the Province. Project management and interim financing were provided to 54 substantially completed, 48 ongoing and 51 new projects during the year.

Sewer and Water Projects Substantially Completed during 2002-03 were:

Project	Work Description	Project Costs	Provincial Grants
Beausejour (4), Town	Water and Sewer Extensions	$190,195	$57,058
Binscarth (6), Village	Sewage Lagoon Study	27,550	13,775
Blanshard (5), R.M. (Oak River)	Water Supply Pipelines	541,418	180,473
Boissevain (7), Town	Water Supply Pipelines	197,029	65,676
Bowsman (4), Village	Sewage Lagoon Study	17,809	8,904
Dufferin (3), R.M.	Water Supply Pipeline	1,450,909	483,636
Elton (4), R.M. (Forrest)	Sewage Lagoon Study	22,929	11,464
Elton (5), R.M. (Forrest)	Sewage System	361,700	30,850
Elton (6), R.M. (Forrest)	Lagoon Upgrading	50,111	25,055
Erickson (7), Town	Lagoon and Wetlands Study	37,163	18,581
Gilbert Plains (5), R.M.	Regional Water Source	21,434	7,145
Gilbert Plains (6), R.M.	Water Supply Pipelines	970,000	323,333
Grey (3), R.M. (Elm Creek)	Water Treatment Plant Upgrading	16,189	8,094
Harrison, R.M. (Sandy Lake)	Water Treatment Plant Pilot Study	16,650	8,325
Harrison (2), R.M. (Sandy Lake)	Sewage Lagoon Study	24,440	12,220
Lac du Bonnet (5), Town	Water Plant Functional Design	104,635	52,318
Lansdowne, R.M. (Arden)	Sewage Lagoon Study	28,319	14,160
Miniota (3), R.M. (Miniota)	Sewage Lagoon Study	28,000	14,000
Miniota (4), R.M. (Miniota)	Sewage Lagoon Study	10,660	5,330
Minitonas (8), Town	Watermain Replacement	33,644	10,093
Morden (4), Town	Water Treatment Plant Upgrading	61,950	30,975
Morris (5), R.M. (Sperling)	Water Supply Pipeline	237,177	79,059
Morris (6), R.M. (Sperling)	Sewage Lagoon Study	24,898	12,449
Morris (7), R.M.	Water and Sewer Supply System	421,612	175,599
Morris (8), R.M.	Water Supply Pipelines	301,051	100,350
Morris (9), R.M.	Water Supply Pipelines	97,363	32,454
Notre Dame de Lourdes (5), Village	Water Treatment Plant Upgrading	12,703	6,351
Pipestone, R.M. (Reston)	Water Treatment Plant Upgrading	105,264	52,632
Pipestone (2), R.M. (Reston)	Sewage Lagoon	528,425	114,212
Portage la Prairie (16), City	Water Treatment	1,172,342	351,703
Portage la Prairie (18), R.M.	Water Supply Pipeline	683,583	307,033
Portage la Prairie (21), R.M.	Water Supply Pipeline	1,140,124	380,041
Portage la Prairie (23), R.M.	Sewage Works	269,943	134,972
Ritchot (3), R.M. Ph. 2	Water Supply Pipeline	689,766	222,782
Roblin (7), Town	Water Supply System Upgrading	52,488	26,244
Rockwood (2), R.M. (Balmoral)	Water Treatment Plant Upgrading	425,660	212,830
Roland (3), R.M.	Sewage Lagoon Study	29,501	14,751
Shellmouth-Boulton (3), R.M.	Water Treatment Plant Upgrading	280,985	140,493
Shellmouth-Boulton (5), R.M. (Inglis)	Water Treatment Plant Upgrading	229,934	49,540
Shoal Lake (6), R.M.	Sewage Treatment	25,084	12,542

Sewer and Water Projects Substantially Completed during 2002-03 cont'd:

Souris (13), Town	Water Supply Pipeline	$597,480	$298,740
St. Andrews, R.M.	Regional Sewage Study	14,535	7,267
Stanley (5), R.M.	Reservoir and Water Supply Pipeline	234,475	78,158
Ste. Rose du Lac (9), Town	Water Treatment Plant Upgrading	347,584	173,792
Strathclair (6), R.M. (Strathclair)	Sewage Lagoon Study	24,935	12,468
Stuartburn (2), R.M. (Vita)	Sewermain Replacement	142,122	71,061
Swan River (5), Town	Water Supply Upgrading	3,305,381	1,652,691
The Pas (4), Town	Water Treatment Plant Upgrading	1,484,064	713,719
Virden (6), Town	Water Treatment Plant Upgrading	99,172	33,057
Virden (7), Town Ph. II	Water Treatment Plant Upgrading	20,174	6,725
Wallace, R.M.	Rural Water Pipeline Study	29,935	9,978
Wallace (2), R.M.	Regional Water Source	8,355	2,785
Whitehead , R.M. (Alexander)	Sewage Lagoon Study	32,720	16,360
Winnipegosis (8), Village	Water Treatment Plant Upgrading	400,935	200,467
	Total	$17,682,504	$7,084,770

Sewer and Water Projects Under Design and/or Construction during 2002-03 were:

Project	Work Description	Agreement Estimate	Estimated Grants
Alexander (3), R.M. Ph. 1	Water and Sewer Infrastructure	$576,500	$249,970
Binscarth (7), Village	Wastewater Stabilization Pond	580,000	109,000
Bowsman (3), Village	Water Treatment Plant Upgrading	110,000	55,000
Brandon (4), City	Wastewater Treatment System	100,000	41,000
Brenda (2), R.M.	Regional Water Source	30,000	10,000
Brokenhead, R.M.	Water and Sewer System Study	100,000	50,000
Carman (5), Town	Sludge Drying Beds	400,000	200,000
Cartwright (3), Village	Water Treatment Plant Upgrading	30,000	15,000
Cornwallis (2), R.M. (Sprucewoods)	Water and Sewer Study	35,000	17,500
Dauphin (5), City	Lagoon Upgrading	2,510,000	750,000
Deloraine (6), Town	Water Treatment Plant Upgrading	300,000	150,000
Dufferin (4), R.M.	Water Supply Pipeline	1,810,000	603,333
Emerson (4), Town	Lift Station Upgrading	400,000	200,000
Emerson (5), Town	Lift Station Upgrading	90,000	45,000
Flin Flon (7), City Ph. 1	Sewage Treatment Plant Upgrade	3,000,000	1,780,000
Gilbert Plains (7), R.M.	Water Supply Pipelines	3,000,000	1,000,000
Gimli (7), R.M./Town	Wastewater Treatment Facility Design	150,000	75,000
Gladstone (4), Town	Water and Sewer Main Replacement	333,334	100,000
Grey (4), R.M.	Water Supply Pipelines and Reservoir	3,300,000	1,266,964
Hanover, R.M.	Water Supply System Study	30,000	15,000
Harrison (3), R.M. (Sandy Lake)	Water Treatment Plant Upgrading	300,000	150,000
Headingley (4), R.M.	Sewage Plant Watermain Upgrading	1,700,000	631,429
Kelsey (3), R.M.	Water Supply Pipeline	1,500,000	233,333
Kelsey (4), R.M.	Water Supply Pipeline	600,000	200,000
Lac du Bonnet (6), Town	Water Treatment Plant Upgrading	2,700,000	1,150,000
Lorne (4), R.M.	Water Supply System	500,000	250,000
Lynn Lake (2), Town	Water Treatment Plant Upgrading	1,500,000	540,000
Morris (10), R.M.	Water Supply Pipeline	1,000,000	333,333
Neepawa (10), Town	Water Distribution Analysis	35,000	17,500
North Cypress, R.M. (Brookdale)	Water and Sewer Study	35,000	17,500
Portage la Prairie (20), City	Water Treatment Plant Upgrading	5,080,000	2,540,000
Portage la Prairie (22), City	Water Treatment Plant Upgrading	11,000,000	3,400,000
Portage la Prairie (24), R.M.	Water Supply Pipelines	3,300,000	1,100,000
Ritchot (4), R.M. (St. Adolphe)	Wastewater Stabilization Pond	700,000	350,000
Rivers (3), Town	Water and Sewer System Upgrading	700,000	265,517
St. Claude (5), Village	Water Treatment Plant Upgrading	65,000	32,500
St. Clements, R.M. (East Selkirk)	Water and Sewer Study	40,000	20,000
Selkirk (4), City	Watermain Renewals	1,300,000	390,000

Sewer and Water Projects Under Design and/or Construction during 2002-03 cont'd:			
Snow Lake (4), Town	Water Supply System Study	$25,700	$12,850
Souris (14), Town	Water Treatment Plant Upgrading	2,200,000	1,100,000
Springfield, R.M.	Water and Sewer Study	35,000	17,500
Stanley (6), R.M.	Water Supply Pipelines	750,000	250,000
Stonewall (13), Town	Water System Analysis	35,000	17,500
Strathclair (5), R.M. (Strathclair)	Water Treatment Plant Upgrading	600,000	300,000
Swan River (5), Town	Water Supply Upgrading	3,900,000	1,950,000
Strathcona, R.M. (Belmont)	Water Treatment Plant Upgrading	250,000	125,000
Thompson (3), R.M.	Water Supply Pipeline	500,000	166,667
Woodlands (3), R.M.	Water Treatment Plant Upgrading	840,000	300,000
		$58,075,534	$22,593,396

Sewer and Water Construction Agreements Signed during 2002-03 were:

Project	Date Agreement Signed	Estimated Capital Cost of Project
Binscarth (7), Village	August 9, 2002	$580,000
Blanshard (5), R.M.	May 16, 2002	540,000
Boissevain (7), Town	May 8, 2002	200,000
Brandon (4), City	September 9, 2002	100,000
Brenda (2), R.M.	September 9, 2002	30,000
Cartwright (3), Village	June 28, 2002	30,000
Cornwallis (2), R.M.	March 31, 2003	35,000
Dauphin (5), City	October 2, 2002	2,510,000
Elton (5), R.M.	May 22, 2002	372,000
Elton (6), R.M.	October 25, 2002	50,000
Emerson (5), Town	March 31, 2003	90,000
Gilbert Plains (5), R.M.	September 10, 2002	30,000
Gilbert Plains (6), R.M.	February 14, 2003	970,000
Gilbert Plains (7), R.M.	February 27, 2003	3,000,000
Gladstone (4), Town	June 17, 2002	333,334
Grey (4), R.M.	May 16, 2002	3,300,000
Hanover, R.M.	November 14, 2002	30,000
Harrison (3), R.M.	January 29, 2003	300,000
Kelsey (3), R.M.	July 2, 2002	1,500,000
Kelsey (4), R.M.	September 9, 2002	600,000
Lynn Lake (2), Town	May 5, 2002	1,500,000
Miniota (4), R.M.	December 16, 2002	12,000
Minitonas (8), Town	October 2, 2002	30,000
Morden (4), Town	September 9, 2002	66,000
Morris (8), R.M.	May 22, 2002	300,000
Morris (9), R.M.	July 25, 2002	100,000
Morris (10), R.M.	August 28, 2002	1,000,000
Neepawa (10), Town	February 5, 2003	35,000
Ochre River (3), R.M.	March 31, 2003	397,600
Pipestone (4), R.M.	May 7, 2002	1,250,000
Portage la Prairie (21), R.M.	April 22, 2002	1,200,000
Portage la Prairie (22), City	May 3, 2002	11,000,000
Portage la Prairie (23), R.M.	May 8, 2002	350,000
Portage la Prairie (24), R.M.	December 2, 2002	3,300,000
Rivers (3), Town	April 10, 2002	700,000
Roblin (7), Town	June 20, 2002	53,000
Rockwood (2), R.M.	October 2, 2002	500,000
Selkirk (4), City	March 31, 2003	1,300,000
Shellmouth-Boulton (5), R.M.	September 5, 2002	280,000
Snow Lake (5), Town	June 20, 2002	1,500,000

Sewer and Water Construction Agreements Signed during 2002-03 cont'd:		
Souris (14), Town	June 20, 2002	$2,200,000
St. Claude (5), Village	February 12, 2003	65,000
St. Clements, R.M.	June 13, 2002	40,000
Stanley (6), R.M.	May 14, 2002	750,000
Strathcona, R.M.	April 10, 2002	250,000
Stuartburn (2), R.M.	June 20, 2002	140,000
Swan River (6), R.M.	January 29, 2003	45,000
Thompson (3), R.M.	June 20, 2002	500,000
Virden (7), Town Ph. II	June 20, 2002	45,000
Wallace (2), R.M.	September 25, 2002	30,000
Woodlands (3), R.M.	October 25, 2002	840,000
	Total	$44,378,934

2.0 Other Infrastructure

In addition to the Board's Sewer and Water Program, the Board agreed to act as Project Manager in the development of a number of large wastewater and water projects. All of the funding, for these projects, is outside of the Board's budget and transferred to the Board from other departments/agencies for administration/project management.

2.1 Portage Simplot (Off-site) Development

The Board signed a Memorandum of Understanding (MOU) with the City of Portage la Prairie to develop the $22.0M infrastructure upgrading (off-site developments). This includes the tendering and construction of wastewater and water related supply and installation contracts, including:

- the upgrading of the water plant to include ozonation and a third clarifier.
- the upgrading of the wastewater treatment plant, including the fourth Sequencing Batch Reactor (SBR) basin.
- procurement of liners, covers, SBR equipment, etc.
- sludge digestion and storage (2) tanks.
- water supply lines from the water treatment plant.
- wastewater pumping station and forcemain to the sewage treatment plant.

These works are expected to be completed in July 2003.

2.2 Blumenort Sewage Lagoon

The Board signed an agreement with the R.M. of Hanover to provide Project Management services in the expansion of the sewage lagoon in the Village of Blumenort to treat wastewater from Granny's Poultry Co-operative (Manitoba) Ltd.

The project is estimated to cost approximately $5.8M and environmental submissions were made in 2002-03 to obtain a license.

This project is expected to be tendered in early 2003-04, once an Environmental Act License has been issued.

2.3 Whiteshell Provincial Park

The Board entered into an agreement with Manitoba Conservation (Parks Branch) to develop the Falcon Lake water treatment plant in the Whiteshell Provincial Park. The project is estimated to cost $1.6M and detailed designs are presently underway.

3.0 Sustainable Development

On July 1, 1998, the Province proclaimed *The Sustainable Development Act.* The Act requires all Crown Corporations to:

- prepare and adopt a code of practice by July 2003,
- prepare and adopt procurement guidelines and goals by December 2002, and
- prepare and adopt financial management guidelines by July 2003.

The Board presently has policy guidelines, which deal with all of the requirements of the Act.

The Board considers wastewater and water infrastructure, as a basic amenity required to safeguard public health and to provide economic development opportunities for the sustainability of Manitoba's communities.

Conservation Districts Program

The Conservation Districts (CD) Program operates under the authority of *The Conservation Districts Act.* The objectives of the Act are to provide for the conservation, control and prudent use of water and land resources. In 1994-95, the day to day management of the Program was placed under the General Manager of The Manitoba Water Services Board. The CD Commission, chaired by the Deputy Minister of Intergovernmental Affairs, is responsible for providing the Minister with advice and guidance on the CD programs and budgets.

A comprehensive sustainable approach to soil and water management within agro Manitoba will be fostered and developed. Many Districts will also carry out programs that support eco tourism, historic resources and wildlife habitat enhancement. Local involvement, which is critical to effective project implementation, will continue to be a requirement and has proven integral to program success. There are presently 16 CDs covering approximately 70% of agro Manitoba.

The Province provides grants of up to 75% of the cost of the CD programs. In 2002-03, the total grants amounted to $3.547M. Conservation Districts and the year each came into being are as follows:

Conservation Districts	Year Established
Alonsa	1978
Cooks Creek	1979
Intermountain	1997
Kelsey	1999
La Salle Redboine	2002
Lake of the Prairies	2001
Little Saskatchewan River	1999
Mid Assiniboine River	2002
Pembina Valley	1990
Seine-Rat River	2002
Tiger Hills	2001
Turtle Mountain	1973
Turtle River Watershed	1975
Upper Assiniboine River	1996
West Souris River	1995
Whitemud Watershed	1972

Details on the activities and the expenditures of each of the CDs are provided in the Conservation Districts of Manitoba Annual Report.

The Manitoba Water Services Board

Management Report

The accompanying financial statements are the responsibility of management and have been prepared in conformity with the accounting policies noted in the financial statements. The statements are examined by the Provincial Auditor of the Province of Manitoba, whose opinion is included herein.

To fulfill this responsibility, management maintains internal control systems to provide reasonable assurance that the accounts and records accurately reflect all transactions, and that appropriate policies and procedures are established and respected.

The Provincial Auditor has free access to the Board of Directors, with and without management present, to discuss the results of their audit and the quality of financial reporting of the Board.

R. Menon, P.Eng.
General Manager

C. Brigden
Financial Officer

June 19, 2003

Office of the Auditor General

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of The Manitoba Water Services Board

We have audited the balance sheet of The Manitoba Water Services Board as at March 31, 2003 and the statements of operating revenues and expenditures and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
June 19, 2003

The Manitoba Water Services Board **Exhibit A**

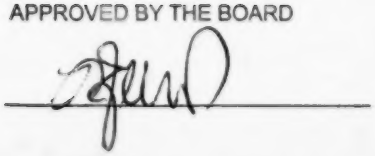
Balance Sheet

as at March 31, 2003

ASSETS	2003	2002
Current assets		
Cash	$ 2,276,761	$ 147,000
Accounts receivable	6,820,399	4,471,606
Prepaid Supplies	70,054	81,607
Current portion, Construction in progress (Note 4)	1,539,740	3,347,181
Accrued interest	49,402	40,853
Current portion of debentures receivable	316,992	334,481
	11,073,348	8,422,728
Long-term Construction in Progress (Note 4)	1,855,623	1,822,922
Debentures receivable from municipalities (Note 5)	465,705	782,697
Capital assets (Note 6)	127,268	174,350
	$ 13,521,944	$ 11,202,697

LIABILITIES	2003	2002
Current liabilities		
Accounts payable and accrued charges	$ 8,156,890	$ 5,865,298
Advances from the Province of Manitoba payable on demand	5,100,000	3,800,000
Current portion of long-term debt	119,647	109,131
Infrastructure Renewal - Whitemud Conservation District (Note 3)	600,602	626,545
Infrastructure Renewal - Pembina Valley (Note 3)	5,000	-
Infrastructure Renewal - Conservation Districts (Note 3)	-	450,000
	13,982,139	10,850,974
Long-term debt (Note 7)		
Advances from the Province of Manitoba	422,521	542,168
Funds retained (Notes 8 and 16)	(982,716)	(290,445)
Interest adjustment fund account (Note 9)	100,000	100,000
	(882,716)	(190,445)
	$ 13,521,944	$ 11,202,697

APPROVED BY THE BOARD



The Manitoba Water Services Board **Exhibit B**

Statement of Operating Revenues and Expenditures

for the year ended March 31, 2003

	2003	2002
Revenues		
Sale of water	$ 1,340,017	$ 1,231,594
Administrative expenses paid by the Province of Manitoba (Note 10)	1,879,484	1,852,447
Interest	149,214	162,097
Total revenues	3,368,715	3,246,138
Expenditures		
Direct expenditures for water supply plants		
Interest - Advances payable on demand	227,154	168,021
- Long-term debt	71,485	74,150
Less: Interest allocated to new construction	(337,218)	(167,908)
	(38,579)	74,263
Chemicals	62,407	54,125
Amortization	41,992	41,992
Heat, telephone, light and power	234,305	220,070
Professional services	1,020,949	1,021,350
Salaries and benefits	254,841	296,117
Repairs and maintenance	125,730	90,214
Administrative expenses (Note 10)	1,879,484	1,852,447
Total expenditures	3,581,129	3,650,578
Deficiency of operating revenues over expenditures	(212,414)	(404,440)
Funds retained, beginning of year	(290,445)	468,834
Plant surplus transferred to municipalities on disposition	(479,857)	(354,839)
Funds retained, end of year (Note 8)	$ (982,716)	$ (290,445)

The Manitoba Water Services Board **Exhibit C**

Statement of Cash Flows

for the year ended March 31, 2003

	2003	2002
Cash provided by (used for):		
Operating activities		
Excess (deficiency) of operating revenues over expenditures	$ (212,414)	$ (404,440)
Expenditure not involving cash - amortization	41,992	41,992
	(170,422)	(362,448)
Change in accounts receivable	(2,348,793)	(792,896)
Change in prepaid supplies	11,553	(14,657)
Change in accounts payable and accrued charges	2,291,592	1,386,096
Change in accrued interest	(8,549)	11,027
Cash provided by (used for) operating activities	(224,619)	227,122
Financing activities		
Advances received	17,600,000	8,000,000
Advances repaid	(16,409,131)	(5,299,539)
Debentures receivable principal recoveries	334,481	309,374
Contribution received - Infrastructure	5,000	950,000
Infrastructure Expenditure	(475,942)	(343,943)
Cash provided by (used for) financing activities	1,054,408	3,615,892
Investing activities		
New construction costs	(45,175,130)	(22,698,993)
Funding recovered from:		
Province of Manitoba	10,768,603	9,912,488
Municipalities	36,181,267	9,237,569
Decrease (increase) in construction in progress	1,774,740	(3,548,936)
Capital asset disposals	5,090	-
Plant surplus transferred to municipalities on disposition	(479,858)	(354,839)
Cash provided by (used for) investing activities	1,299,972	(3,903,775)
Increase (Decrease) in cash	2,129,761	(60,761)
Cash, beginning of year	147,000	207,761
Cash, end of year	$ 2,276,761	$ 147,000

Interest paid during the year ended March 31 amounted to $289,961 (2002 - $240,419)

1. NATURE OF ORGANIZATION

The Manitoba Water Services Board was established in July 1972 under *The Manitoba Water Services Board Act* to assist in the provision of water and sewage facilities to the residents of rural Manitoba. The Board owns and operates water supply plants in the Province, installs or upgrades water and sewage facilities in Manitoba communities, constructs area water pipelines for agricultural and drought proofing purposes and develops farm water sources.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared using Canadian generally accepted accounting principles. Operating results of all water supply plants operated by the Board are reflected on an aggregate basis in the Statement of Operating Revenues and Expenditures. Separate equity accounts are maintained for each plant operated by the Board (Note 8).

(b) Capital assets

Capital assets represent water supply plants owned by the Board. They are recorded at cost and amortization is calculated on a straight-line basis over the following terms:

Plants constructed prior to January 1, 1972	equipment	18 years
	buildings	35 years
Plants constructed after January 1, 1972	equipment	20 years
	buildings	20 years

(c) Revenue recognition

Revenue from sale of water is recognized in the period when consumed by the town or municipality.

(d) Administrative expenses paid by the Province of Manitoba

Administrative expenses are paid by the Province of Manitoba on behalf of the Board and recorded at fair value in the financial statements.

(e) Pension costs and obligations

The Board's employees are eligible for membership in the provincially-operated Civil Service Superannuation Plan. The pension liability for Board employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, no provision is recorded in the financial statements related to the effects of participation in the pension plan by the Board and its employees.

3. INFRASTRUCTURE RENEWAL

The Board maintains an infrastructure renewal reserve account for the Whitemud Conservation District to be used over the next ten years for the Province's 75% contribution of the cost of replacing aging waterway bridges and crossings. The Whitemud Conservation District will assume responsibility for the Provincial waterway infrastructure at the end of the agreement. The Board is now also maintaining an infrastructure reserve account to be utilized only for Capital (infrastructure) construction works for Cooks Creek, Turtle River, and the Whitemud Conservation Districts as well as a separate reserve account for the Pembina Valley Conservation District.

4. CONSTRUCTION IN PROGRESS

	2003	2002
Balance, beginning of year	$ 5,170,103	$ 1,621,167
New construction costs	45,175,130	22,698,993
	50,345,233	24,320,160
Funding recovered from:		
Municipalities	36,181,267	9,237,569
Province of Manitoba	10,768,603	9,912,488
	46,949,870	19,150,057
Balance, end of year	3,395,363	5,170,103
Less: current portion	1,539,740	3,347,181
Long-term Construction in Progress	$ 1,855,623	$ 1,822,922

5. DEBENTURES RECEIVABLE FROM MUNICIPALITIES

Prior to April 1985, the Board financed capital construction costs through long-term debt at fixed interest rates with the Province of Manitoba and the Canada Mortgage and Housing Corporation. Municipalities financed the municipal share of capital construction costs by issuing debentures to the Board. The debentures were issued in amounts and at fixed interest rates sufficient to discharge the municipalities' share of the Board's corresponding long-term debt financing. Since April 1985, the Board has recovered the municipal share of capital construction costs on a current basis.

Schedule of Debentures Receivable from Municipalities:

Year of Maturity	Annual Payment Date	Interest Rate(%)	2003	2002
2002	December 31	13.125	$ -	$ 51,034
2003	December 31	12.625	58,322	110,107
Subtotal (carried forward)			$ 58,322	$ 161,141

5. DEBENTURES RECEIVABLE FROM MUNICIPALITIES (continued)

Year of Maturity	Annual Payment Date	Interest Rate(%)	2003	2002
Subtotal (brought forward)			$ 58,322	$ 161,141
2004	December 31	12.750	333,150	472,036
2005	October 31	10.950	202,605	257,270
2006	October 31	9.800	113,915	137,323
2006	October 31	8.000	74,705	89,408
Total debentures receivable			782,697	1,117,178
Less: current portion			316,992	334,481
Debentures receivable beyond one year			$ 465,705	$ 782,697

6. CAPITAL ASSETS

	2003	2002
Land and easements	$ 18,075	$ 23,165
Buildings	869,895	1,351,253
Less accumulated amortization	760,702	1,200,068
	109,193	151,185
Equipment	277,441	474,900
Less accumulated amortization	277,441	474,900
Total capital assets	$ 127,268	$ 174,350

7. LONG-TERM DEBT

Year of Maturity	Annual Payment Date	Interest Rate(%)	2003	2002
Advances from the Province of Manitoba:				
2004	March 31	9.250	$ 3,916	$ 7,501
2006	October 31	9.800	90,900	108,790
2007	March 31	9.625	430,889	516,050
2007	October 31	9.400	16,463	18,958
Total advances payable			542,168	651,299
Less: current portion			119,647	109,131
Advances payable beyond one year			$ 422,521	$ 542,168

The Board has the right at any time to repay in whole or in part the advances from the Province of Manitoba.

The aggregate amount of payments required in each of the next five years to meet debt retirement provisions are:

2004	$ 119,647
2005	$ 126,898
2006	$ 139,143
2007	152,570
2008	$ 3,909

8. FUNDS RETAINED

Funds retained consist of accumulated excess revenues over expenditures pertaining to the water supply plants owned and operated by the Board for the benefit of municipalities and pertaining to plants operated by the Board under agreements with municipalities. Separate equity accounts are maintained for each plant operated by the Board. Municipalities are responsible for any deficit balances and are given credit for surplus balances whenever plant operating responsibilities are transferred to the municipalities.

Funds retained also include the gain on the sale of the Red River Regional Water Supply System.

8. FUNDS RETAINED (continued)

Funds retained consist of the following:

	No.	2003 Amount	No.	2002 Amount
Plants owned by the Board				
Plants with a deficit	6	$ (1,459,790)	5	$ (1,099,769)
Plants with a surplus	4	162,472	9	489,761
	10	(1,297,318)	14	(610,008)
Plants owned by Municipalities				
Plants with a surplus	1	9,785	1	13,742
Total funds retained, water supply plants	11	(1,287,533)	15	(596,266)
Gain on Sale of the Red River Regional Water Supply System		304,817		305,821
Total funds retained		$ (982,716)		$ (290,445)

Subsequent to year end, one Water Treatment Plant has been transferred to the R.M. of Strathcona (Belmont). Surplus funds of approximately $62,700 will be released from funds retained during 2003/2004.

9. INTEREST ADJUSTMENT FUND ACCOUNT

The Board allocates interest costs to construction projects and to the operations of water supply plants at a rate comparable to the Board's cost of borrowing. The interest allocated and the actual net interest cost incurred by the Board are recorded in the Interest Adjustment Fund Account. Board policy is to maintain a balance of $100,000 in the Interest Adjustment Fund Account to absorb any shortfall in the allocation of actual net interest costs for the year. Interest costs were fully allocated for both the current and the preceding year.

10. ADMINISTRATIVE EXPENSES PAID BY THE PROVINCE OF MANITOBA

Administrative expenses paid by the Province of Manitoba and included in expenditures are as follows:

	2003	2002
Professional services	$ 20,020	$ 13,076
Salaries and benefits	1,535,967	1,506,129
Telephone and utilities	22,968	26,321
Travel	13,145	10,795
Rental for office premises	141,151	137,472
Other administrative	146,233	158,654
	$ 1,879,484	$ 1,852,447

11. COMMITMENTS

	2003	2002
The Board has commitments as follows:		
Signed agreements and offers for construction of sewer and water systems for municipalities and cooperatives.	$ 33,445,075	$ 23,364,375
These commitments are expected to be funded as follows:		
Subsidization of construction costs - Province of Manitoba	$ 10,576,000	$ 8,220,200
Recovery of construction costs - Municipalities and Cooperatives	22,869,075	15,144,175
	$ 33,445,075	$ 23,364,375

The Board recovers construction costs on a current basis from municipalities and cooperatives through funds provided by the Province of Manitoba under *The Loan Act*. As at March 31, 2003, the Province had unused authority of $32,499,900 under *The Loan Act, 2002* to provide this financing to the Board for the construction of municipal sewer and water facilities on behalf of municipalities and cooperatives.

12. CONTINGENCIES

The Board is involved in legal proceedings arising in the normal course of business, the outcome of which cannot be predicted at this time. In the opinion of management, the disposition of these cases will not materially affect the financial position of the Board. Any settlement will be recognized in the year the settlement occurs.

13. RELATED PARTY TRANSACTIONS

The Board is related in terms of common ownership to all Province of Manitoba created Departments, Agencies and Crown Corporations. The Board enters into transactions in the normal course of operations and they are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

14. USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

15. FINANCIAL INSTRUMENTS

Fair Value

The carrying amounts of cash, accounts receivable, accrued interest, the current portion of debentures receivable, accounts payable, accrued charges, advances from the Province of Manitoba payable on demand, and the current portion of long term debt reported on the balance sheet approximate their fair market value due to their short-term nature.

Debentures receivable and long-term debt are estimated using public quotations or discounted cash flow analysis, based on current corresponding borrowing rates for similar types of borrowing arrangements. They are not materially different from their carrying value.

Credit Risk

The Board, in the normal course of business, is exposed to credit risk from the rural municipalities it serves. The Board's financial assets that are exposed to credit risk consist primarily of accounts receivable and debentures receivable.

Accounts receivable are primarily short-term receivables from rural municipalities. Debentures receivable are long-term receivables from Rural Municipalities which have fixed interest rates and repayment terms. Credit evaluations are done for each Rural Municipality.

Interest Rates

The Board is not exposed to significant interest rate risk due to the short term nature of the current asset and current liabilities, and the fact that its debentures receivable and long-term debt are at fixed interest rates.

16. ECONOMIC DEPENDENCY

The Board is economically dependent on the Province of Manitoba.